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basis of cost-of-reproduction less depreciation, the system which operates at least advantage, while still socially necessary and managed with reasonable care, should be selected, and the "fair return" would be what is necessary to warrant investment in needed betterments and extensions of the system. Chap. iv is given to a discussion of "Regulation of Particular Rates." In the conclusion the hope is expressed that we may keep railway rates down as far as the ability of the roads to supply the service will allow, but it is conceded that it may be necessary for the rates to be raised from time to time.

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*Auditing Theory and Practice.* By ROBERT H. MONTGOMERY. 2d ed. New York: Ronald Press Co., 1916. 8vo, pp. xxvi+889. \$5.00.

The most important feature of the second edition of *Auditing Theory and Practice* which distinguishes it from the edition of 1912 is the appendix of about one hundred pages dealing with the federal income tax. In this appendix the detailed provisions of the law and of the subsequent rulings of the Department of the Treasury are discussed authoritatively, and, for both individuals and corporation, the obligations, proper procedure, and allowable deductions in filing returns under the law are clearly set forth.

This appendix supersedes the chapter on "The Federal Tax on Corporations" which appeared in the first edition. The chapters on "The Auditor's Qualifications," "The Auditor's Duties," and "Ethical Duties and Legislation," and the collection of C.P.A. examination questions are also omitted. The chapter on "Liabilities of Auditors" of the first edition is summarized in the second edition in a few paragraphs upon the legal responsibility of auditors. The C.P.A. questions are now readily available to everyone; and from the omission of the other chapters mentioned the book gains in compactness and unity more than it loses from the elimination of this material, which was of such a general character as to be of little practical aid to the auditor present or prospective.

A few unimportant changes in the order of chapters and sections and a few minor additions, including the fuller treatment of systems of internal check preparation of charts, and statements required by banks, and the insertion in the chapters on balance-sheet audits of brief discussions on partnerships and acceptances, have also been made.

Because of its clear exposition and its admirable blending of the presentation of advanced auditing theory and practical suggestions, this book continues to occupy in America the highest place among general treatises upon the subject of auditing.

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*Capital To-Day.* By HERMAN CAHN. New York: Putnam, 1915. 8vo, pp. x+313. \$1.50.

The author here presents an analysis of the development of the various forms of modern capital, giving special attention to the situation in the United